Investment Idea

Kerjaya Prospek Group Bhd

Resilience Personified

By Thong Pak Leng, Vice President of Research

BUY

Price: RM2.52

Target price: RM3.46

Kerjaya Prospek Group (KERJAYA: 7161) continues to deliver steady performance, supported by robust contract replenishment and effective cost management. The Group secured RM1.5bn worth of new contracts in FY25 and RM703.6m year-to-date, bringing its outstanding order book to RM4.4bn as at February 2026. On the back of stronger site progress and margin stability, we forecast net profit of RM239.9m in FY26 and RM262.2m in FY27. We maintain our BUY rating with a target price of RM3.46, based on 18x FY26 earnings.

KERJAYA secured its first contract win for FY2026 worth RM201.3m for the construction of two blocks of 39-storey residential apartments in Damansara Damai, Selangor. In February, the company was awarded a job worth RM502.3m by Tanjung Pinang Development for the execution and completion of a reclamation and dredging works for Seri Tanjung Pinang (Phase 2B & 2C) Development (STP2) at Tanjung Tokong, Penang. These contracts boosted the Group's outstanding orderbook to RM4.4bn. Management guided target RM2bn job wins for FY26.

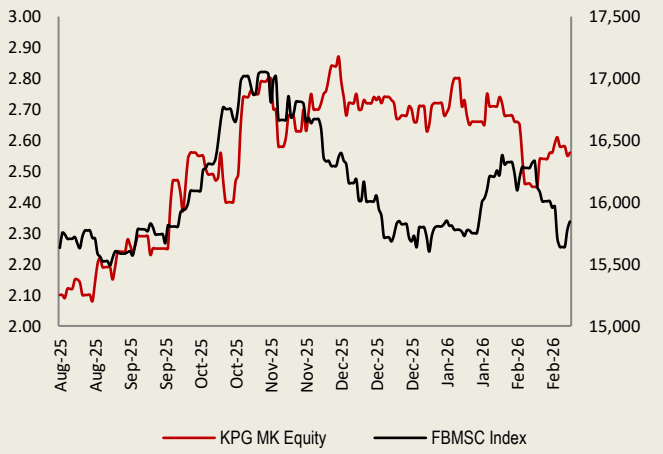
On the property front, KERJAYA has acquired a total of 89-acre landbank spanning across Jalan Puchong (KL), Tanjung Bungah (Penang), Seberang Perai Tengah (Penang) and Batu Kawan (Penang). These acquisitions signal a deliberate strategy to build a sustainable long-term development pipeline.

Construction activity in Malaysia is picking up pace, supported by healthier private launches, stronger industrial and semiconductor capital expenditure, and continued government-led infrastructure rollout. KERJAYA's competitive strengths in high-rise construction, coastal/marine works, and premium private-sector projects align with segments that typically experience firmer demand and stronger margins. The Group's net cash position and disciplined cost structure further enhance its defensive qualities amid sector swings.

Our BUY call is underpinned by: (i) KERJAYA's innovative execution model and cost discipline that translate into superior margin enhancement; (ii) a proven management team with deep industry expertise; (iii) consistent contract replenishment momentum; (iv) a sizeable RM4.4bn order book ensuring sustainable earnings visibility; (v) balance sheet strength with a net cash position; and (vi) appealing dividend yields of 5%–6%.

Technically Speaking

Resistance level	RM2.62
Support level	RM2.40



KLCI	1,698.22
YTD FBM KLCI change	1.1%
YTD FBM SC Index change	-2.3%
YTD stock price change	-5.3%

Stock Information

Market Cap (RMmil)	3,168.5
Issued Shares (m)	1,257.3
52-week range (H)	2.92
52-week range (L)	1.80
Shariah Compliant	Yes

Major Shareholders

Egovision SB	49.9%
Amazing Parade SB	17.9%
EPF	5.0%

Summary Earnings Table

FY Dec (RM'm)	2024	2025	2026F	2027F
Revenue	1,835.5	2,249.3	2,541.8	2,770.5
EBITDA	216.5	312.0	329.4	359.0
Pretax profit	216.2	306.5	325.2	352.9
PATMI	160.2	224.7	239.9	260.2
Core PATMI	**160.2**	**224.7**	**239.9**	**260.2**
Consensus	-	-	245.4	269.7
Core EPS (sen)	12.6	17.7	18.9	20.5
EPS growth (%)	21.9%	40.2%	6.8%	8.5%
DPS (sen)	15.0	12.5	13.3	14.4
PER (x)	19.9	14.2	13.3	12.3
BV/Share (RM)	0.90	0.95	0.51	0.57
ROE (%)	14.0%	19.2%	23.2%	37.9%
Div. Yield (%)	6.0%	5.0%	5.3%	5.7%

Sources: Company, Rakuten Trade Research

COMPANY	Definition
Buy	The stock return is expected to exceed the KLCI benchmark by more than 10% over the next 6-12 months.
Trading Buy	Short-term positive development on the stock that could lead to a re-rating in the share price and translate into an absolute return of 10% over the next 3-6 months. Trading Buy is generally for investors who are willing to take on higher risks.
Take profit	The stock return previously recommended has gained by >10%
Hold	The stock return is expected to be in line with the KLCI benchmark (+/- 5%) over the next 6-12 months.
Sell	The stock return is expected to underperform the KLCI benchmark by more than 10% over the next 6-12 months.
SECTOR	
Overweight	Industry expected to outperform the KLCI benchmark, weighted by market capitalization, over the next 6-12 months.
Neutral	Industry expected to perform in-line with the KLCI benchmark, weighted by market capitalization, over the next 6-12 months.
Underweight	Industry expected to underperform the KLCI benchmark, weighted by market capitalization, over the next 6-12 months.

Scoring model:

The in-house scoring model is derived from Rakuten Trade Research valuation matrix based on earnings growth, earnings visibility, business model, valuation, balance sheet, technical analysis, and shareholder value creation. Each parameter is given a specific weighting.

All buy calls are based on the research team's judgement. Investing is risky and trading is at your own risk. We advise investors to:

- read and understand the contents of the disclosure document or any relevant agreement or contract before investing;
- understand the risks involved in relation to the product or service;
- compare and consider the fees, charges and costs involved; and
- make your own risk assessment and seek professional advice, where necessary.

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Published:

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